

## Climate City Contract

# 2030 Climate Neutrality Investment Plan

## Guidance and Explanations





## Disclaimer

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## Table of contents

Glossary of Terms .....	3
Summary .....	4
Introduction .....	5
Short Guidance: Recap of Activities .....	8
Investment Plan Structure .....	9
1 Part A – Current State of Climate Investment .....	10
1.1 Module IP-A1: Existing Climate Action Funding and Financing .....	10
1.2 Module IP-A2: Strategic Funding and Financing Evaluation .....	11
1.3 Module IP-A3: Barriers to Climate Investment .....	12
2 Part B – Investment Pathways towards Climate Neutrality by 2030 .....	12
2.1 Module IP-B1: Cost Scenarios for Climate Neutrality.....	12
2.2 Module IP-B2: Capital Planning for Climate Neutrality.....	13
2.3 Module IP-B3: Economic & Financial Indicators for Monitoring, Evaluation and Learning ...	14
3 Part C – Enabling Conditions for Climate Neutrality.....	15
3.1 Module IP-C1: Climate Policies for Capital Formation and Deployment.....	15
3.2 Module IP-C2: Identification and Mitigation of Risks .....	16
3.3 Module IP-C3: Capacity Building and Stakeholder Engagement for Capital and Investment Planning.....	17

## List of figures

<i>Figure 1: Climate Neutrality Investment Plan's key characteristics .....</i>	<i>5</i>
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## Glossary of Terms

Acronym	Description
AP	2030 Climate Neutral Action Plan
IP	2030 Climate Neutral Investment Plan
KPI	Key Performance Indicator
MEL	Monitoring Evaluation & Learning
MRV	Monitoring Reporting Verification
WP	Work Package





## Summary

This guidance document is designed to accompany the Investment Plan Template to give you, Mission Cities, a reference point when developing your 2030 Climate Neutrality Investment Plans (IP). You will build this plan on the back of the actions outlined within your Action Plan, and the content here should inform the way you engage with the template documents. The 2030 Climate Neutrality Investment Plan is a newly developed concept and as this process will be iterative, we encourage you to communicate knowledge gaps with the Mission Platform and the European Commission. The structure of the guidance is aligned with the process set out in the Action Plan Guidance and will follow the Investment Plan template.

You should only share **data** that you feel comfortable with publishing and you should clearly indicate specific financial data that should be kept confidential.

**Capacity assessment questions** have been included throughout the document as guiding questions for helping you determine key considerations in creating the Investment Plan.





## Introduction

The 2030 Climate Investment Plan introduction should **summarise the work carried out in the 2030 Climate Neutrality Action Plan**. You should **provide background information** about the process for developing the 2030 Investment Plan and highlight its **interconnections with other components** of the Climate City Contract (CCC). Furthermore, the introduction should address the cities capacity for developing this plan and the resources used in the process of its formation.

## The Investment Plan

Whilst many cities have experience developing climate action plans and undertaking advanced and innovative efforts to direct capital to support those actions, the concept of a Climate Neutrality Investment Plan is quite new. The Climate Neutrality Investment Plan will be a systematic map of the costs and capital that your city needs to reach climate neutrality by 2030. This work will help structure the way you plan, organise and develop your economic and financial strategy, and help you mobilise capital from national and international funding platforms and financial institutions. **There are several characteristics that define an Investment Plan:**

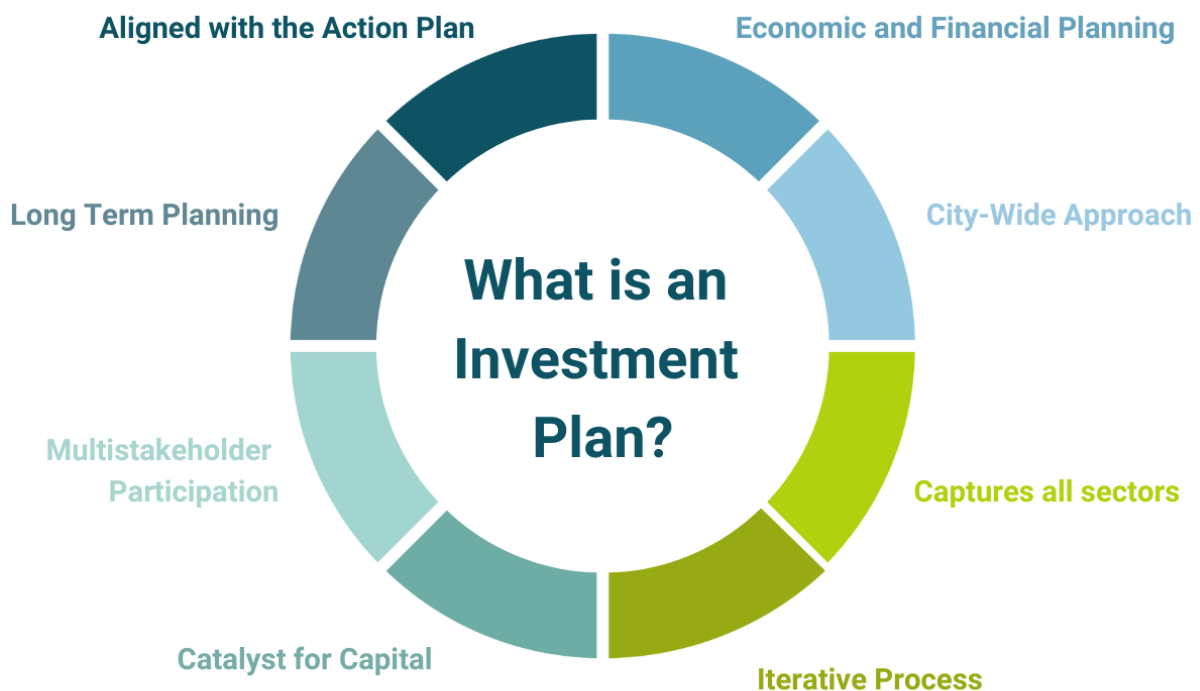


Figure 1: Climate Neutrality Investment Plan's key characteristics

## Alignment with the Climate Neutrality Action Plan

**The Investment Plan and the Action Plan will be closely aligned.** The Investment Plan will build upon the portfolio of actions and measures you have committed to take within your Action Plan and look to quantify the capital needs and sources to deliver on these actions. Some actions will directly impact





the Investment Plan (for example: increased levy on diesel cars in the city centre), whilst others will act as enabling actions to implement the Plan (for example: improvement of internal capacity).

You should iterate across both plans, linking actions to impact and then identifying the costs of these actions and sources of capital to implement the actions. This may be a challenging task at times and the Mission Platform will provide support costing the actions and identifying optimal capital structures for deployment of capital.

## Multi-Stakeholder Involvement

As with the Action Plan, developing and implementing the Investment Plan will require active, sustained involvement of **diverse city stakeholders**. Whilst you will take ownership for developing the Plan, stakeholders with necessary capacity and expertise will need to participate in the process. Such external stakeholders can be from both local and EU-based funding and financial institutions, upper-level governance (national, regional, county, greater local authority), academia, utility companies, energy service providers, and housing associations. In the case of a city being part of a greater local authority, you may consider involving them in this exercise.

## City-Wide Approach

The Investment Plan will encompass both the public and private sectors. The public sector usually owns only a fraction of the assets within a city, and the Investment Plan needs to address all relevant assets and operations identified as part of the Action Plan. You, as the city administration, will not have direct control over the actions of the corporate and residential sectors, however, the city administration (along with regional and national governments) can act as a facilitator, through various policy and funding/financial mechanisms, to shape market conditions to support the development and implementation of new business models for climate neutrality.

## Captures All Sectors

The Investment Plan needs to take an **integrated approach**, capturing all emitting sectors and assets across the entire city, including the built environment, waste and circular economy, energy systems, transport, green infrastructure, nature-based solutions, and others. It should also take into account, as much as possible, the interactions, trade-offs and co-benefits between the actions identified in the Action Plan.

The segmentation of sectors and selected actions as outlined in the Action Plan need to be aligned with the Investment Plan. A city-wide top-down cost and capital planning approach (creating an enabling environment for climate neutrality) should be complemented with a bottom-up approach, where cities and cities stakeholders create and implement a portfolio of projects over time.

Assets and operations within the above sectors are unlikely to be owned or provided entirely by the municipality so you must consider the ownership structures of each asset, and the operator of key service/utility providers, as well as the method through which they are contracted by the municipality (if this is the case). You will be able to define policy and deploy capital to align asset owner and public service operators towards the goal.

## Long-Term Planning

An Investment Plan is a **planning exercise for the longer-term** that maps costs and capital deployment over time. In this sense, it mirrors the sustainable and holistic long-term action planning necessary to achieve the climate neutrality target. One of its starting points will be to draw upon existing budgets and capital structures, and to identify the gaps to address all actions needed to reach climate neutrality by 2030. As part of the planning process, it will be important to analyse the opportunity for redirecting existing resource flows to better align with actions needed for climate neutrality. Examples could include





energy charges and taxes, parking revenues, or other cash flows circulating in the local capital system. These cash flows could form the foundations for early public capital formation, which will be critical to effectively engage the private capital needed for implementing all the actions. These mechanisms need to be closely aligned with other policy mechanisms, such as the use of sustainable procurement practices and regulatory powers, in order to fully fund and finance actions towards climate neutrality.

## Economic & Financial Planning

The Investment Plan will focus particularly on **the economic and financial planning** of the city becoming climate neutral by 2030. The Investment Plan needs to provide a breakdown of the costs and needed capital to implement the portfolio of actions outlined in the Action Plan. An estimate of the capital needed can be developed across each sector (Built Environment, Waste & Circular Economy, Green Infrastructure/Nature Based Solutions, Transportation and Energy Systems). This estimate will help to determine what type of capital is needed, drawing upon the full spectrum of public and private sources, and noting what actions can be financed, as opposed to needing funding that may not provide returns sufficient to enable financing.

This level of economic and financial planning is needed to identify and begin to design suitable financial instruments and funding mechanisms that can be utilised. While you identify needs that will require innovative tools and solutions, many actions can be implemented with well-established funding and financing instruments given the right policy and deployment context. With the whole community of cities pursuing the Mission working together, each city will be able to draw upon the work of other cities and the expertise developed in supporting and scaling their efforts to deliver on climate neutrality targets.

## Learning Process

Given the extraordinary amounts of capital needed for each Mission City to achieve climate neutrality, this process embraces the associated needs for learning through action. As a result, **the Investment Plan is designed to be iterative.**

The 2030 Climate Neutrality Investment Plan will be a **living document**, to be adjusted (together with the 2030 Climate Neutrality Action Plan) annually, accompanying your own planning cycle, and responding to changes in the evolving ecosystem.

Early steps to identify the full economic costs and benefits of climate action will inform discussions about what kind of citizen and stakeholder engagement is needed to advance policies and shape market conditions for investment in climate neutrality. These discussions will provide direct feedback about the viability and precise capacity needs to develop and execute on such planned actions. Each city Transition Team will develop and tailor individual plans to local circumstances and this process will require adjustments and changes on a regular basis. The first version will be of particular importance, as it will provide early direction and open up those areas where the most learning is needed in order to pursue climate neutrality. The analysis must cover the widest possible scope, including the main budget, the additional or extraordinary budgets and the service concession contract. The scope chosen must be clearly explained from the start.

The Investment Plan will also incorporate a set of indicators as part of a monitoring framework to support this learning and to track progress over time.





## Short Guidance: Recap of Activities

Part A – Current State of Climate Investment	
Modules	Expected Content
<b>Module IP-A1: Existing Climate Action Funding and Financing</b>	<ul style="list-style-type: none"> <li>This part will describe all funding and financing activities based on your current climate action priorities and objectives.</li> <li>You will be expected to produce a breakdown of the capital flow and capital stock depending on “field of action” and sector subsection.</li> </ul>
<b>Module IP-A2: Strategic Funding and Financing Evaluation</b>	<ul style="list-style-type: none"> <li>In this module, you will assess different climate mitigation funding programmes, together with financing mechanisms and planning, including current sources of funding and financial instruments. This part will also seek to identify critical areas of policy or regulatory action that would need attention to pursue climate neutrality.</li> </ul>
<b>Module IP-A3: Barriers to Climate Investment</b>	<ul style="list-style-type: none"> <li>This module should focus on identifying possible barriers that impact capital formation and deployment, helping you identify how the policy landscape could change to facilitate greater access to climate funding and finance.</li> </ul>

Part B – Investment Pathways towards Climate Neutrality by 2030	
Modules	Expected Content
<b>Module IP-B1: Cost Scenarios for Climate Neutrality</b>	<ul style="list-style-type: none"> <li>This module focuses on efforts to estimate and analyse the overall costs to achieve climate neutrality by 2030 broadly, and to implement the activities described in the Action Plan.</li> </ul>
<b>Module IP-B2: Capital Planning for Climate Neutrality</b>	<ul style="list-style-type: none"> <li>Based on estimated capital needs and associated policy actions that would be critical to implementing the Action Plan, this module focuses on capital planning and design of specific funding and financing mechanisms and instruments.</li> </ul>
<b>Module IP-B3: Economic &amp; Financial Indicators for Monitoring, Evaluation and Learning</b>	<ul style="list-style-type: none"> <li>This module will provide a monitoring and evaluation framework for you to track progress of the implementation of the Investment Plan.</li> <li>You will be left with a list of financial and economic indicators to monitor and evaluate progress as the city as a whole move towards 2030.</li> </ul>







Part C – Enabling Conditions for Climate Neutrality	
Modules	Expected Content
<b>Module IP-C1: Climate Policies for Capital Formation and Deployment</b>	<ul style="list-style-type: none"> <li>This module will require you to list climate policies that have an impact on capital being deployed within your city. The table in the Template enables you to list their policies which will aid the investment into climate neutrality.</li> </ul>
<b>Module IP-C2: Identification and Mitigation of Risks</b>	<ul style="list-style-type: none"> <li>You should use this section to map risks for each of the projects that they have identified to be carried out as a part of the Action Plan. The template includes a narrative element and a table which will prompt you to map risks associated with new climate projects.</li> </ul>
<b>Module IP-C3: Capacity Building and Stakeholder Engagement for Capital and Investment Planning</b>	<ul style="list-style-type: none"> <li>This module will enable you to review internal capacity and to map stakeholders externally to the municipality. Each city has a different method of engaging with stakeholders, and different connectivity, so using the table in the IP template will help to define this.</li> </ul>

## Investment Plan Structure

As per the proposed template, the Investment Plan is divided into three main sections:

- **Part A “Current State of Climate Funding and Finance”**
- **Part B “Investment Pathways towards Climate Neutrality by 2030”**
- **Part C “Enabling Conditions for Climate Neutrality”**





# 1 Part A – Current State of Climate Investment

**Part A “Current State of Climate Funding and Finance”** will summarise current actions and activities related to the funding and financing of your climate actions. This summary should create a foundation on which to build future work to identify and utilise various capital sources for climate actions.



Part A is divided into three separate modules:

1. **Module IP-A1: Existing Climate Action Funding and Financing:** this part will describe all funding and financing activities based on your current climate action priorities and objectives.
2. **Module IP-A2: Strategic Funding & Financing Evaluation:** in this module, you will assess your climate neutrality funding programmes, together with financing mechanisms and planning, including current sources of funding and financial instruments. This part also will seek to identify critical areas of policy or regulatory action that would need attention to pursue climate neutrality.
3. **Module IP-A3: Barriers to Climate Investment:** this module should focus on identifying possible barriers that impact capital formation and deployment, helping you identify how the policy landscape could change to facilitate greater access to climate funding and finance.

## 1.1 Module IP-A1: Existing Climate Action Funding and Financing

This section represents the initial step of the 2030 Climate Neutrality Investment Plan, and will require you to evaluate and assess previous and existing funding and financing for climate activities. You will need to map out the current landscape of funding/financing sources and current capacity (including public and private sources) across the emissions sectors.

You can start with your current budgeting strategies and the extent to which dedicated resource is allocated towards decarbonisation. An initial classification will identify both city-wide funding (capital not yet allocated towards climate neutrality) and project-based capital (capital that is already allocated to projects that are sufficiently developed) that is now being directed to implementing climate actions.

The IP template contains a table representing the breakdown of capital flow going to each “field of action”. This should be recreated to take into account capital stock if the data is readily available.



### Guiding Questions

- Have you already engaged in climate budgeting or considered how it can be used for your pathway towards climate neutrality in 2030?
- Do you have sufficient data on each field of action and is this carried out internally within the finance department?





## 1.2 Module IP-A2: Strategic Funding and Financing Evaluation

Climate action can be funded through your city's own income sources, or off its balance sheet, or by raising additional capital (different vehicles can be applied such as Special Purpose Vehicles, etc.). This section should be used to evaluate these funding and financing sources.



You should consider the following elements:

- Operational funding currently available for climate action, and a relative scaling of current resources as compared to the city's needs;
- How you raise and manages capital, both operational funding and private financing, and what is within your remit;
- Consider your needs assessment for capacity and capabilities for mission-level capital, linked to the Action Plan and building upon estimated total capital needs;
- You should include current or project deficit/surplus when evaluating the choices made later in the Investment Plan (if there exists a high surplus for example, you may choose to fund more programmes through their budget, and this may influence policy decisions and capital allocation when making decisions on climate action).



More in detail, in this section you should:

1. Assess your climate neutrality funding programmes, together with financing mechanisms and planning, including current funding sources and financial instruments for climate action, sector specific or across sectors. This assessment should look into both city-wide funding and project-based capital that is now being directed to implementing climate actions.
2. Identify and analyse critical areas of policy or regulatory action, assessing their impact on your administration's financial goals as set out in the Action Plan. You should analyse enabling policies and international regulations (i.e., EU Taxonomy, TCFD) currently in place, including national, regional, and city level policies, these multi-level policies are frequently connected.
3. Take advantage of this review to assess your city's needs in terms of capacity/capabilities to receive and deploy capital from the different sources available to you. These may include procurement and municipal budgeting policies, incentive schemes that direct resources to households and businesses, public sector finance instruments, and more.



### Guiding Questions

- Do you have a clear overview of public sources of capital as well as private funding and financing sources? If yes, how detailed and accurate is it?
- To which aspects of this module does the municipality have the internal capacity to delve into detail on? Given some of these sources of finance may be combined to deliver on actions and priorities defined in the Action Plan.





## 1.3 Module IP-A3: Barriers to Climate Investment

Building upon your strategic assessment in A2, you will need to evaluate and identify the range of structural, policy, economic, and financial barriers for capital deployment in support of climate action. This module is focused on your current situation and experiences to date, as a foundation for looking ahead at potential issues in allocating capital for climate neutrality.

Some barriers may be related to the ability of the municipality to source capital – e.g., lack of capacity and needed financing skills, cumbersome and uncoordinated mechanisms for existing funds, and regulatory constraints such as city budget. Other barriers could relate to finance access, policy constraints or involving financial institutions and their willingness to provide capital – e.g., availability of data, risk issues, limited scale, measurement of co-benefits, internal governance, reaching the debt ceiling, organization between departments, and more.

The template contains a table with barriers to finance climate neutrality with a description and the sector/stakeholder involved for climate investment.



### Guiding Questions

- How is internal capacity considered to be a barrier?
- For which of the identified barriers do you need support from the Mission Platform?

## 2 Part B – Investment Pathways towards Climate Neutrality by 2030

**Part B “Investment Pathways towards Climate Neutrality by 2030”** is in place to capture the actions and needs for mobilising and delivering the funding and financing needed for climate neutrality. This Part of the Investment Plan will be aligned with and build upon the Action Plan. In addition, each of these Plans are likely to entail multiple iterations over the course of the path to 2030 climate neutrality.



Part B incorporates the following modules:

1. **Module IP-B1: Cost Scenarios for Climate Neutrality:** this module focuses on efforts to estimate and analyse the overall costs to achieve climate neutrality broadly, and to implement the activities described in the Action Plan.
2. **Module IP-B2: Capital Planning for Climate Neutrality:** Based on estimated capital needs and associated policy actions that would be critical to implementing the Action Plan, this module focuses on capital planning and design of specific funding and financing mechanisms and instruments.
3. **Module IP-B3: Economic & Financial Indicators for Monitoring, Evaluation and Learning:** This module will provide a monitoring and evaluation framework for you to track progress of the implementation of the Investment Plan.

### 2.1 Module IP-B1: Cost Scenarios for Climate Neutrality

In alignment with the Action Plan to identify the portfolio of initiatives and your ability to reveal pathways towards climate neutrality, you will then aim to provide a more granular costs estimation to reach climate neutrality. This section is essential to understand the capital required, and the appropriate funding and financing schemes, tools and solutions to implement climate actions. The cost analysis will be aligned





with the structure of the Action Plan allowing for a cost/benefit (impact) analysis of the proposed portfolio of actions.

Supporting tools are available to each Mission City to help in this regard, if the complexity of cost estimation work will require it. The idea of this module is to start with an initial estimate of total capital needed, in order to help shape early actions to identify and mobilise capital from various sources.

The outputs analysis will incorporate direct impacts such as cost saving, carbon abatement and co-benefits such as green job creation or air pollution – we understand this is a difficult process, but the Mission Platform can provide support through this process. Effectively monitoring actions can be achieved by outlining key milestones, as well as putting in place the evaluation process to measure the level of impact achieved within the Investment Plan. This will be done by developing metrics and indicators necessary to compare actual delivery to projected impact. Whilst there is flexibility in the selection of indicators, the indicators themselves are a mandatory part of the Investment Plan. The template provides some examples of these indicators.

You have the option to provide cost estimates at your own discretion on the measures disclosed as per table B-2.2 in the Action Plan template and B1.2 in the Investment Plan template.



### Guiding Questions

- How much have you already engaged in costing activities and is this carried out internally or with additional partners?
- Have you previously costed actions as a part of a climate action plan?
- What are optimal sources for gathering data?

## 2.2 Module IP-B2: Capital Planning for Climate Neutrality

This module builds on the costing exercise carried out in IP-B1, and aims to reach a breakdown of how you will meet the costs by combining funding and financial sources. You should consider innovative capital structures in order to optimize use of public capital to source investment capital at scale. The Mission Platform remains available to support you in this element.

The costing done in IP-B1 will possibly lead to identifying a funding gap and this section should be used to consider the methods to bridge this gap. For instance, if the cost of upgrading a fleet of electric buses can be identified and sits outside the city's immediate budget (which is mapped in IP-A1) then alternative funds will likely be needed to be raised.

Where new structures or instruments are needed, this module should lay out the processes through which you advance the design and deployment of capital. Building needed capital structures and mobilising sources of capital identified above will take time and effective work with key funding and finance stakeholders.

This planning activity should make explicit the full scope of capital needs and the steps to address them and thus enable implementation of actions outlined in the Action Plan. Effective governance and transparency for capital structures also should be considered.

You should consider relevant debt metrics and debt ceilings as well as transaction capabilities. There is further work done on this from a risk perspective in IP-C2, but this module should consider how the capital can be put to work and begin thinking on capacity to raise capital. The template includes a table which links the costs to the potential finance source and the sector to which this can be categorised. These categories will help to identify work from the action plan.





### Guiding Questions

- What are the existing resources already available for each action or project (e.g., public contributions, existing funding or investments secured)?
- How much of the budget is available for climate investment, and is the municipality operating at a surplus or deficit?
- How can I optimise use of both public funding and private investment capital to ensure capital deployment for all costs identified to reach the climate neutrality goal?
- Do you have experience on creating a pipeline of projects with the involvement of the private sector?

## 2.3 Module IP-B3: Economic & Financial Indicators for Monitoring, Evaluation and Learning

This section of the Investment Plan will provide the monitoring and evaluation framework to be implemented for you to track progress for the implementation of the plan. A set of economic and financial indicators should be aligned with your climate neutrality commitment and aligned with the actions in the Action Plan. Effective indicators will enable you to track implementation progress, compare actual delivery to projected impact, assess effectiveness, and make adjustments over time.

A Monitoring, Evaluation and Learning (MEL) system should be developed to assess progress of the actions in the Action Plan and successful execution over time. The MEL system will help assess, evaluate, and verify the level of impact each investment has achieved -- for example, reduction in health costs due to reduced air pollution. This system will likely be a key element in securing private capital for deployment, and may be identified as part of your capital planning.

This MEL system is described in the AP-B3 of the Action Plan and covers Purpose, Scope and Scale, Use of findings and Execution. You should report bi-annually on indicators for monitoring Action Plan progress and also aim to select indicators for monitoring Investment Plan progress.

Several Economic and Financing indicators can be applied to your work across the different fields of action outlined earlier and to the municipality's finances more broadly, including other actors within the city. Some specific examples can be found in the IP template.

### Guiding Questions on Monitoring, Reporting, and Verification system and Indicators

- Do you have a monitoring system in place that evaluates the impact of green investments?
- Do you have a system to estimate emission reduction (following recognised methodologies) or co-benefits to measure the impact of investments?
- Do you have a monitoring and evaluation systems for capital investment planning process-mapping deviation?
- Which indicators are most aligned with the work done in the Action Plan?
- Is the required data for the calculation of selected indicators available, or do you need to involve additional stakeholders?





## 3 Part C – Enabling Conditions for Climate Neutrality

Part C “**Enabling Conditions for Climate Neutrality**” is the third section of the Investment Plan and is intended to identify other enabling factors to consider as part of the implementation of the Investment Plan.



Part C is divided into three separate modules:

1. **Module IP-C1: Climate Policies for Capital Formation and Deployment:** in this part, you will need to reference the range of climate-related policies, which should be identified and described in the Action Plan, to support effective capital formation and deployment.
2. **Module IP-C2: Identification and Mitigation of Risks:** This module should define the risks which may affect implementation efforts and propose mitigation measures to address these risks.
3. **Module IP-C3: Capacity Building and Stakeholders Engagement:** This module will provide a clear path and structure to enhancing internal capacity to implement the Investment Plan and identify the relevant stakeholders to be involved.

### 3.1 Module IP-C1: Climate Policies for Capital Formation and Deployment

Bearing in mind barriers identified in A3, and targets identified in the Action Plan, in this section you will need to identify relevant policies and regulations that could support deployment of capital. Such policies will enhance directing existing revenue streams or fee mechanisms as described in the Action Plan, or policies that change market conditions that enable more effective actions by non-internal actors to implement actions critical to climate neutrality. Examples may include market-based instruments, enabling building and planning regulations and standards, green tax incentives, green budgeting and procurement processes, and others. Similarly, you should consider policies, regulations and incentives that hinder the pathway towards climate neutrality and consider their adjustment to enable capital flows.

Identification and discussion of these policies will help to uncover those actions that will best support identifying and mobilising capital. In identifying these policies, you should note that they may take significant time and effort to develop and enact, and so having those identified and captured here is extremely important. In addition, this module will have a high degree of overlap with the two other modules in this section, and so cross-referencing those effectively is critical.

These enabling policies will include green budgeting and sustainable procurement, amongst other options which will enable capital deployment. This should consider the capital that is moved as a result of procurement rather than the procurement processes themselves.



#### Guiding Questions on Climate Policies for Capital Formation and Deployment

- Does your city have an existing process for policy formulation (tool method, transversal team, procurement and innovative contracting, etc.) that supports financing or funding innovative areas and climate action?
- What process is in place for your Transition Team to input on financial/funding policy, so that they do not operate in a silo for the 2030 ambition?





## 3.2 Module IP-C2: Identification and Mitigation of Risks

It is important for you to analyse and understand the risks relevant for the implementation of the Investment Plan and how those risks could impact your path to climate neutrality. Mitigation techniques should be identified where necessary and aligned with the specific capital structures and deployment plans.

Risks should be assessed at project and portfolio level and take into consideration financial risks assessments, including in particular climate risks, both transitional and physical, in addition to overall risks associated with the development of the IP.

Several risk categories can be identified. Examples include:

- Climate risks
- Operational risks
- Market specific risks
- Stakeholders' engagement risks
- Micro and Macroeconomic risks
- Policy-related risks
- Capacity and capability risks
- Technical risks (such as impact on supply chain)
- Institutional adaptation risks
- Regulatory risks
- Asset transition risks
- Reputational risks

You should consider a range of mitigation actions that will address these risks. Some of these mitigation measures may be within your city's direct control, others may require involving other stakeholders. You should provide a path for the engagement with such stakeholders in order to provide comprehensive analysis of the risks involved and mitigation measures proposed.

### Mitigation

You should take some time to consider a range of strategies for mitigating them. Some of these mitigation measures may be within the direct control of the municipality, others may require involvement of other stakeholders. You should derive a path for engagement with such stakeholders in order to provide comprehensive analysis of the risks involved and mitigation measures proposed.



### Guiding Questions on Identify and Mitigating Risk

- Does risk analysis feature in your decision-making investment process?
- How do you regularly identify and measure risk related to financing actions?
- What is your understanding of risk mitigation and quantification methods?







## 3.3 Module IP-C3: Capacity Building and Stakeholder Engagement for Capital and Investment Planning

In this module, you should consider your internal capacity for the implementation of the Investment Plan and the connectivity to different stakeholders that can help finance the transition to climate neutrality.

The aim of this module is to help you carry out a self-assessment of capacity in your city's administration with the aim of 1) identifying existing expertise and knowledge, and 2) identifying main knowledge gaps which can be worked on. You will conduct this assessment after having attended (or seen the recording of) the introductory webinar for capacity assessment.

### Building Capacity

Capacity building includes developing skills and capabilities related to capital planning and financing initiatives. Ensuring adequate capacity within the city municipality (or that the city has access to) is critical to achieving climate neutrality.

This module includes guiding questions to help you identify where you might need support to develop specific capacities and capabilities to develop your Investment Plan.



### **Guiding Questions Capacity Building**

- Is your Transition Team well-resourced and does it have the necessary skillsets to develop a robust Investment Plan?
- Have you identified the capacity gaps in your Transition Team to develop and implement the Plan?

### Engaging Stakeholders

You should identify necessary funding and financial stakeholders to engage with to successfully implement the plan. Some of these stakeholders may form a part of the Plan so working with them in parts of its development may be advantageous (for instance market sounding exercises on project development). Some municipalities may have already developed close relationships with relevant stakeholders, and others may be at an earlier stage in their engagement process so this mapping exercise may prove more useful to some than others.

Stakeholders can be engaged based on their specific characteristics and potential involvement in the mobilisation and deployment of capital described in IP-B2.



### **Guiding Questions Stakeholder Engagement**

- Have you identified relevant stakeholders to develop an Investment Plan in your city?
- Do you have a clear engagement strategy for relevant stakeholders?

